

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 CIEP-01 OMB-01 XMB-02 AGR-05 /075 W

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P R 211410Z OCT 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC PRIORITY 5153

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMCONSUL MUNICH

C O N F I D E N T I A L BUCHAREST 5382

E.O. 11652: GDS

TAGS: PINT, RO

SUBJECT: CEAUSESCU SPEECH ON ROMANIAN CONSUMER SITUATION

REF: BUCHAREST 5288

1. SUMMARY. EXTENT OF PARTY CONCERN OVER
CONSUMER SITUATION HERE IS FURTHER ILLUSTRATED BY
PUBLICATION (OCTOBER 19-20) IN CENTRAL PRESS OF UNUSUALLY
HARSH CEAUSESCU SPEECH ON SUBJECT. CEAUSESCU SEVERELY CRITICIZES
BUCHAREST CITY AUTHORITIES, AS WELL MINISTRIES OF AGRICULTURE,
INTERNAL TRADE AND LIGHT INDUSTRY, AND CALLS FOR RAPID ELIMINATION
OF "SERIOUS DEFICIENCIES" IN PUBLIC PROVISIONING. HOWEVER,
SPEECH OFFERS NO SIGNIFICANT NEW INITIATIVES WHICH MIGHT
TRULY CONTRIBUTE TO AN EASING OF THE ROMANIAN CONSUMER'S
PLIGHT, AND, WHILE SOME NEW HEADS MAY FALL, WE DETECT NO
VIAABLE REMEDIES NOR FORESEE ANY MARKED IMPROVEMENT IN MEDIUM-
TERM SITUATION. AFTER WEEK OF INTENSIVE PARTY AND MEDIA FOCUS
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ON FOOD SHORTAGES, DIPLOMATIC SOURCES HERE ARE NOW GIVING MORE

WEIGHT TO CONSUMER SITUATION AS AT LEAST ONE OF THE FACTORS WHICH LED TO POSTPONEMENT OF CEAUSESCU'S YUGOSLAV TRIP. END SUMMARY.

2. CEAUSESCU'S SPEECH ON OCT 17 GATHERING OF JUDET FIRST SECRETARIES AND HEAD OF JUDET DIRECTORATES OF COMMERCE AND AGRICULTURE (SCINTEIA, OCT 19) HARSHLY CRITICIZED BUCHAREST AUTHORITIES FOR "LACK OF CONTROL AND GUIDANCE" AND "POOR ADMINISTRATION OF MATERIAL BASE", INCLUDING "GRAVE SHORT-COMINGS" AS REGARDS BREAD SUPPLY AND QUALITY, AS WELL AS MINISTRY OF INTERNAL TRADE'S POOR ALLOCATION OF FOOD STOCKS WHICH CREATED "A CERTAIN NEGATIVE PSYCHOSIS IN RANKS OF POPULACE". MINISTRY OF AGRICULTURE IS CITED AS NOT HAVING FULFILLED ITS PLANNED PRODUCTION AND FOR ITS "MISTAKEN POSITION" OF HAVING REDUCED PRODUCTION OF MEAT PRODUCTS AND SAUSAGES (REASONS FOR WHICH REMAIN UNEXPLAINED), WHILE MINISTRY OF LIGHT INDUSTRY (WHOSE MINISTER, GHEORGHE CAZAN, WAS REPLACED BY POLEXCO MEMBER LINA CIOBANU ON SEPTEMBER 25) ALSO "ERRED" IN REDUCING INVESTMENT IN CERTAIN SECTORS (PRESUMABLY SHOES AND COTTON TEXTILES WHICH ARE CURRENTLY IN SHORT SUPPLY). IN A MOVE SURE TO CONFUSE CADRE RANKS, CEAUSESCU ALSO CRITICIZED TRANSFORMATION OF MANY RESTAURANTS INTO CANTEENS FOR STUDENTS AND INCREASED ACREAGE DEVOTED TO "SO-CALLED" FODDER CROPS, BOTH OF WHICH HAD PREVIOUSLY BEEN CITED AS DESIRABLE GOALS AND OBJECTS OF PREVIOUS PARTY CAMPAIGNS.

3. CEAUSESCU ALSO SOUGHT TO ASSURE PUBLIC THAT STATE POSSESSED "NECESSARY" FOOD RESERVES, AND AGAIN LIT INTO "BACKWARD" MENTALITY OF SOME WHO SEEK TO "CREATE THEIR OWN STOCKS" (HOARD).

4. COMMENT: WHILE ADMITTING DIFFICULTY OF CURRENT SITUATION, CEAUSESCU FAILED TO OFFER ANY SIGNIFICANT NEW POLICY DEPARTURE WHICH MIGHT EASE PROBLEM IN MORE THAN A PATCHWORK MANNER. HE NEVER ONCE MENTIONED COUNTRY'S EXPORT COMMITMENTS, WHICH HAVE DRAINED OFF DOMESTIC SUPPLIES. RATHER, SPEECH CONTAINS PALIATIVES: CALL FOR MORE INTENSIVE CULTIVATION OF ALL ARABLE LAND (EVEN EXTENDING TO FACTORY COURTYARDS); GREATER CENTRALIZATION AND MORE STATE AND PARTY INVOLVEMENT, INCLUDING THE INCORPORATION OF PRIVATE-PLOT (PEASANT GARDEN) PRODUCTION -- HOLDINGS CEAUSESCU CLAIMED AMOUNT TO 15 PERCENT OF ARABLE LAND -- INTO OVER-ALL NATIONAL AGRICULTURAL PLAN, PLUS

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OLD STAND-BYS OF MORE DISCIPLINE, ORDER AND WORK. ONLY NEW WRINKLE WAS CEAUSESCU'S CALL TO GIVE PRIVATE ARTISANS THE RAW MATERIAL THEY NEED TO WORK WITH, SO THEY TOO COULD GET ON WITH THE JOB AND PRODUCE. CEAUSESCU ALSO POSTPONED UNTIL JANUARY OR FEBRUARY SCHEDULED CONGRESS OF PEOPLE'S COUNCILS JUDET AND LOCAL REPRESENTATIVES IN ORDER TO ALLOW MORE TIME FOR PREPARATIONS, INCLUDING ELABORATION OF PRODUCTION PLAN "DOWN TO THE LAST ENTERPRISE, DOWN TO THE LAST WORKER."

5. WHILE WE STILL HAVE NO CONFIRMATION OF ANY MAJOR DISTURBANCES IN BRASOV, FOOD SUPPLIES THERE HAVE BEEN UNQUESTIONABLY POOR. THERE HAVE BEEN SEVERAL MORE REPORTS OF SCATTERED MINOR INCIDENTS IN BUCHAREST AND PROVINCES. THIS WEEK'S SUDDEN PARTY ATTENTION TO DIFFICULT CONSUMER SITUATION SEEMS CERTAIN TO BE ONE FACTOR IN CEAUSESCU'S CANCELLATION OF HIS SCHEDULED YUGOSLAV VISIT.

6. ALTHOUGH SERIOUS PROBLEM HAS BEEN EVIDENT SINCE JULY FLOODS, WE BELIEVE CRITICAL POINT (INVOLVING CUTBACKS EVEN IN PARTY ELITE'S SPECIAL PROVISIONING OUTLETS) CAME IN EARLY OCTOBER, WHEN HOARDING AND DISGRUNTLEMENT BECAME TOO WIDESPREAD FOR BUSINESS-AS-USUAL TACTICS TO MANAGE. AS DURING FLOODS, CEAUSESCU STILL APPEARS DETERMINED NOT TO BEND THE IRON IMPERATIVES OF HIS INDUSTRIALIZATION STRATEGY, BUT HE IS FACED WITH A CONSTRICTING ECONOMIC BIND WITH WHICH SQUEEZING CONSUMER, CUTTING BACK FOREIGN-CURRENCY PURCHASES, SEEKING INCREASING CREDITS AND AID CANNOT ENTIRELY COPE. ALTHOUGH WE HAVE NO HARD EVIDENCE, HIS BASIC ECONOMIC STRATEGY IS PRESUMABLY AGAIN OPEN TO INCREASING DOUBT INTERNALLY, HOWEVER MUTED OR DEFLECTED BY THE "CULT" AND CENTRALIZED RULE. INTENSIFIED CONTROL OVER PRIVATE PLOTS (ADDED TO RELOCATION OF PEASANT VILLAGES IN "SISTEMATIZARE" (RATIONALIZED LAND USE) PROCESS, WILL ADD TO BAD FEELING IN COUNTRYSIDE. AS NOVEMBER ECONOMIC PLENUM NEARS, WE WILL BE ALERT TO IMPACT OF SITUATION ON ABOVE STRATEGY, KEEPING IN MIND THE "DOUBTERS" TO WHOM CEAUSESCU REFERRED IN JULY.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, FOOD SHORTAGE, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUCHAR05382
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750366-0397
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751034/aaaabebm.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BUCHAREST 5288
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2003 by BoyleJA>; APPROVED <30 SEP 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CEAUSESCU SPEECH ON ROMANIAN CONSUMER SITUATION
TAGS: PINT, RO, (CEAUSESCU, NICOLAE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006